



Message of the Week

July 31-August 6, 2002

**“Although the fundamentals of the economy are solid,
there is more that we can do to encourage growth.”**

- The President just signed into law sweeping corporate accountability legislation that has created new and strengthened existing laws and regulations for auditing and corporate disclosures, and has increased penalties for accounting and auditing improprieties. For more details, visit this website:
<http://www.house.gov/burton/RSC/LB72502CorpAcctCR.pdf>
- Though this new legislation will be helpful, Congress should take more action to foster an economic environment in which productivity can increase while protecting individual taxpayers and investors.
- Examples of such action include:
 - Reducing the tax on dividends (*to encourage corporations to pay more in dividends and hoard less for executives*)
 - Cutting capital gains taxes (*to encourage and reward new and existing investment*)
 - Increasing the deductibility of capital losses (*to ease the blow of losses to investors*)
 - Further accelerating the marginal rate-reductions in the Bush tax cut (*to stimulate economic activity now—not in 8 years*)
 - Eliminating the death tax now (*to encourage wealth creation*)
 - Eliminating some of the barriers that make it difficult for shareholders to replace corporate boards (*to keep tabs on corporate wrong-doers*)
- Economic growth leads to higher living standards, more jobs at higher wages, the production of more goods and services that people want, a more balanced federal budget, and even social improvements such as better health.
- While government *per se* should not be the engine of economic growth, government should do everything it can to foster a productive environment in which capitalist ingenuity and investment will yield better living for all Americans.